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NEAR EAST AFRICA DIVISION

OFFICE OF REPORTS AND ESTIMATES

CENTRAL INTELLIGENCE AGENCY

WORKING PAPER

OCT 26 1949

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NEAR EAST/AFRICA DIVISION

INTELLIGENCE SUMMARY Vol. IV No. 42

For Week Ending
26 October 1949

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NEAR EAST/AFRICA INTELLIGENCE SUMMARY

GENERAL

Opposition to Syrian-Iraqi union: Increasing opposition from various quarters to union between Syria and Iraq makes it unlikely that the scheme will be adopted at this time. Within Syria, the Ikhwan al-Muslimin (the Moslem Brothers), the Arab Resurrection Party, the Communists, and the Association of Ulemas (religious leaders) look upon the proposed union as a threat to Syrian sovereignty. Certain Syrian Army officers, moreover, have taken it upon themselves to inform the interim government that it does not have the legal right to make commitments now. Strong objection is also felt to making Syria a monarchy or to extending to Syria the Anglo-Iraqi treaty of 1930, and there even appears to be a serious split within the cabinet on the subject. If the plan does not founder on the opposition within Syria itself, it still must contend with the formidable objections of other Arab countries. Jordan, Saudi Arabia, Egypt, and Lebanon view the proposal as a threat to their respective ambitions or interests, and all of these states will attempt to undermine the plan. It thus appears that divisive tendencies within the Arab world will again prove stronger than centripetal forces and will necessitate postponement of this step toward unity--even the union of only two states.

Meanwhile, Shukri Quwatli, former President of Syria, and Jamil Mardam, Prime Minister, both ousted from office by Zaim, are in Egypt. Both men were long connected with the Syrian Republic and still command sizable support in dissident political and even military circles. As Syrian opposition to union with Iraq grows, these two figures may possibly attempt to take advantage of the unstable political atmosphere to assume an active role once more in Syrian affairs.

GREECE

Papagos and the premiership: Greek political circles have recently become increasingly agitated over the possibility that the almost unprecedented prestige which Commander in Chief Papagos now enjoys may serve as a springboard for the ambitions of his friend and political mentor, Spyros Markezinis, who aspires to a dominant political role. Since he was ousted from the cabinet last April, Markezinis has taken pains to strengthen his ties with influential segments of the center and moderate right and to maintain his close personal relationship with Papagos and the King. His recent suggestion that Papagos be drafted to head the non-political "service" government traditionally established prior to national

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elections, and that the constitutional tenure of this government be extended from forty-five days to nine months, evidently represents his bid for political power. Although Papagos himself is a man of very high principles and apparently without political ambitions, his strong sense of discipline and his tendency to follow Markezinis' political advice might lead him not only to accept the responsibility of the premiership but also to join in efforts to strengthen the executive arm at the expense of the parliament.

The selection of Papagos, now elevated to the exalted rank of marshal, will be difficult to block, in view of the great popularity his military success has given him. However, a personal feud between Markezinis and Populist leader Tsaldaris, as well as a general fear in political circles of Markezinis' pronounced ability and driving ambition, will prompt some opposition to any move to draft Papagos. The result may be the selection of a less popular but also less controversial figure, such as the present non-political Premier, Diomedes. The question of a service government will probably assume increasing importance during the winter, inasmuch as the elections are likely to be scheduled for early next spring.

Tito and Salonika: Restoration of Salonika as a trade outlet for Yugoslavia is likely to be an important by-product of the limited rapprochement with Greece toward which Tito has been inching. Yugoslavia's rail connection with Salonika, which might be of major strategic importance in the event of war, lacks only a single bridge (on the Yugoslav side of the border) to be restored to operation, and the Greeks are prepared to facilitate any efforts to reopen the Yugoslav Free Zone in Salonika. Before World War II, the free zone was of only limited importance to Yugoslavia, reportedly accounting for less than 200,000 tons of exports a year. With Yugoslavia's Danubian trade outlets now cut off and its trade reoriented toward the West, however, Tito will doubtless find it expedient, sooner or later, to make use of Salonika--and, incidentally, to permit resumption of trans-European rail service to Greece. Such a move would not only provide direct economic benefits but would also give the Yugoslav people further reassurance that the Soviet blockade has not succeeded in isolating them. On the Greek side, restoration of rail traffic with the rest of the Continent might stimulate exports, particularly after the last 30-mile gap in the Salonika-Athens line has been repaired.

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TURKEY

Air Force training program in jeopardy: Turkish Air Force pilots are grounding themselves in such numbers as to cause considerable alarm to the US Air Mission. Serious deficiencies in aircraft maintenance appear to be the principal cause, together with a lack of confidence in unit commanders. Apart from taking the obvious step of improving both maintenance and leadership, the Turkish Air Force could probably improve morale by: (1) increasing flying allowances for pilots; and (2) providing adequate pensions for dependents of Air Force personnel killed in accidents. If the present situation is allowed to continue, the success of the US Air Mission in Turkey might be very seriously jeopardized.

JORDAN

Abdullah and Arab Palestine: The formal incorporation of Arab Palestine into Jordan will probably be proclaimed during the next few months. King Abdullah's natural keenness for formal annexation has been whetted by rumors of Syrian-Iraqi union, and he recently made a good-will tour among his subjects-to-be. For all practical administrative purposes, Arab Palestine is already as much a part of Jordan as the areas of Palestine occupied by the Israelis are a part of Israel. Until annexation becomes official, however, various anti-Hashimite groups in Palestine will continue to agitate against the scheme although their inability to work together and their weakness before Jordan's Arab Legion make local opposition a negligible factor. The other Arab states now appear resigned to annexation. Israel, however, will undoubtedly protest vociferously but probably will not resort to military action to prevent it. [redacted] 25X6A

25X6A [redacted] Annexation under such circumstances would enhance Abdullah's prestige and would greatly increase the security of the Palestinian Arabs.

AFGHANISTAN

Difficult relations with Pakistan: The Government of Pakistan is adopting a hard attitude toward Afghanistan, having concluded that any conciliatory or cooperative gestures are ineffective and are viewed as evidence of weakness by the Afghans. Pakistan's recent curtailment of freight rebates on petroleum products bound for Afghanistan may be only the first manifestation of this attitude. The GOP apparently intends to fulfill strictly all treaty obligations with regard to the passage of goods through Pakistan and otherwise to maintain a severely correct position

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in its relations with Afghanistan. It is believed, however, that the GOP also intends to refuse any favors the Afghan Government may now ask of it and to discontinue any concessions not legally required as in the case of transportation rebates. This attitude is reportedly based on the conviction that only thus can the Afghan Government be made to realize the desirability of moderation and collaboration with respect to the tribal dispute and other matters of disagreement.

Afghanistan's land-locked position, its dependence on Pakistan for normal trade channels, and the current Afghan financial crisis are such that Pakistan may be able to impose economic pressures of a sort to force Afghanistan to adopt a more conciliatory attitude. A recent offer by the Afghan Foreign Minister of "unconditional negotiation" of Afghan-Pakistan disagreements may be evidence that abolition of the railway concession rates has already had a sobering effect upon the Afghans. However, as the Afghans have failed to define their meaning of "unconditional" and as the GOP, though willing to negotiate on matters pertaining to the economic development of the tribal area and on matters of internal tribal administration, will not negotiate on the status of the tribal area, the offer may come to nothing. Furthermore, the danger exists that an intensification of economic pressures, if due in part to actions by Pakistan, may result in further intransigence toward Pakistan on the Afghans' part, with increased retaliation by the Pakistanis resulting in a serious curtailment of Afghanistan's outlets through Pakistan.

The Indian subcontinent has long been what might be termed the front door to Afghanistan, and thus Afghanistan's back has been to Russia. If the Afghans feel that the front door is closed, they may turn more and more toward the USSR for the sake of economic relief, accepting as a calculated risk the possibility of drastic political developments resulting therefrom. In the meantime, a much-needed loan from the Export-Import Bank remains unauthorized, despite the importance of that loan to Afghan-US relations.

UNION OF SOUTH AFRICA

Devaluation only a temporary palliative: Currency devaluation has not alleviated South Africa's basic economic problems, which stem from a chronic trade deficit, although it has improved the financial position of the Union within the sterling area. In 1948 the fixed world price of gold, the major South African export, together with the increased quantity and cost of imports resulted in a trade deficit of one-half of a billion dollars.

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In addition, the normal heavy inflow of foreign capital was sharply reduced. To meet this unusual situation, the Reserve Bank was obliged to ship large quantities of its monetary gold to the US and to reduce the legal ratio of gold to the Union currency. In July 1949 the Malan Government tightened import restrictions with the primary aim of curtailing the deficit with the dollar area; the import of non-essential consumer goods was prohibited, and the import value of raw materials and necessary capital equipment was limited to about 50% of 1948 imports. The rush of buying to beat the import ban resulted in a sterling area deficit also, and by August the over-all trade deficit approached one-third of a billion dollars. The July import restrictions have not eliminated the trade deficit, and further controls, especially in relation to the dollar area, have been announced for 1950. Increased production of base minerals and development of secondary industries, which could improve the foreign exchange position, will in each case be checked by the need for labor, raw materials, and machinery.

Within the sterling area, however, currency devaluation places the Union temporarily in a stronger position by virtue of its gold production. Although the cost of sterling area goods will rise because of internal inflation and increased raw material costs, the price of dollar area goods will rise to a greater extent. The result should tend to strengthen the import control program and force trade out of the dollar into the sterling area. The Union would, therefore, be able to sell more of its gold in the UK for British goods, provided that the UK production could satisfy Union needs. Gold mining, the keystone of the economy, will therefore become more profitable in terms of sterling. Approximately 55% of the increased gold-mining profits will be absorbed by the government through taxation. This windfall, added to the recent foreign loans, would enable the government to continue for the time being its costly internal development projects, and should a substantial capital influx develop, restrictions on raw material imports might be somewhat relaxed to aid local secondary industry.

Generally, however, a more basic readjustment than import controls, capital influx, or devaluation is needed before the economic situation can be permanently corrected. Unless the shortage of labor and the high cost of production are eased by a different approach to the native problem, and unless the nation is willing to lower its standard of living to match its resources and production ability, there is little hope of achieving an economy not supported by imports of capital from abroad.

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NOTED IN BRIEF

An analysis of last week's electoral victory won by the Turkish government party is now possible, although on the somewhat shaky basis of figures issued by the government-operated press agency. These figures tend to confirm the impression that, had the opposition participated in these by-elections, it would have won easily in the more urbanized provinces but would have lost to the government party elsewhere. On balance, the government appears still to command a sizable majority although it is highly probable that, in fair elections contested by the opposition, such an opposition party as the Democratic would be given much greater support than statistics seem to indicate.

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More detailed reports on the recent Turkish maneuvers indicate that officers who have received courses of training under supervision of the US Mission show greater capabilities than those who have not.

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The possibility of wholesale indictment of opposition Nation Party leaders in Turkey is now under consideration by the government. Under the flexible Turkish laws concerned with criticism of the government, accusations of insulting the "moral personality" of both government and president could easily be followed by sentences of imprisonment and fine. Leaders of the major opposition group, the Democrats, must be wondering gleefully if the government will dare to commit this political blunder, which would certainly enhance the electoral prospects of both opposition parties in future elections.

* * *

The Arab League Political Committee finally convened in Cairo on 17 October after several false starts during the summer. Although the delegations have attempted to present an outward appearance of peace and light to the world, strong tension has arisen between the Syrian-Iraqi bloc and Egypt over: (1) the proposed union of Syria and Iraq; and (2) Iraq's suggestion that the Egyptian head of the Arab League, Azzam Pasha, be replaced. A bitter discussion of these two issues could split the already-shaky structure of the League, but neither side apparently has either the backing or the inclination to force a majority decision on

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these main points of disagreement. As a result, the current session will probably follow the precedent established by previous meetings--no decisive action on any major issue.

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Saudi Arabia's proposed $6 million loan to Syria, for the purpose of cementing relations with "the blood brother country," will not be concluded. The Saudi Government apparently believes charity begins at home and has dipped into the allocated funds to the extent of $5 million in order to meet its own obligations. By improving its immediate financial position to the detriment of Syria's, Saudi Arabia has as usual spent in advance an important source of income. The $6 million, borrowed from the Banque de L'Indo-Chine, was guaranteed by an off-shore oil rental of $2 million per year. This source of income will now be lost to Saudi Arabia until the end of 1951.

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Elections for the new (XVI) Majlis have been marked by some scattered disorders and demonstrations against alleged government interference. A contest between Sunni and Shiah factions erupted into violence in the south, and in Tehran a small oppositionist group conducted a determined but unsuccessful protest against "rigged elections" before the Shah. Nevertheless, reports indicate that the government is interfering less in the elections than ever before. Indeed, the very fact that demonstrations are being permitted suggests a certain willingness on the part of the government to accept "free" elections and their trappings.

* * *

The first shipment of Soviet wheat to Iran arrived in the northern border area at Julfa on 20 October, according to the Iranian press. As additional shipments are received, the preservation of internal security in Azerbaijan, which was beginning to be threatened in the frontier areas by acute food shortages, should become less of a problem for the Iranian authorities.

* * *

The UN political subcommittee's plan for Libya, providing for ultimate independence and membership in the UN after a period of administration under a UN high commissioner assisted by a multi-nation advisory council, pleases the Arabs and appeases the Italians. British authorities in Tripolitania, however, have not taken kindly to the plan, charging that it would make for cumbersome administration and expressing doubt as to Libya's readiness for independence in 1952, the date specified in the plan. Nevertheless, this scheme appears to be the only compromise solution assuring continuance of UK-US strategic bases in Libya which is capable of winning a two-thirds vote in the General Assembly.

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The Cyrenaicans are having trouble establishing their new government because Premier-designate Fathi Kekhia is missing and cannot be found. It is rumored that Kekhia, a successful attorney in Alexandria, and his

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wife, who enjoys Alexandria's social activity, are not enthusiastic about the somewhat dubious rewards of political service in Cyrenaica.

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Overcrowded conditions at the port of Beira in Mozambique, at present the most important outlet for Southern Rhodesian chrome required by the US stockpiling program, may be alleviated somewhat as mechanical improvements projected by the Portuguese Government get under way. Increased imports into the Rhodesias together with wartime deterioration of facilities at Beira have limited the annual export of chrome. Although Southern Rhodesia normally supplies only about 10% (50,000 tons) of US chrome imports, US firms have contracted for 300,000 tons of the backlog which cannot be moved from the mines because of the Beira bottleneck. The short-term improvements, which include mechanical ore-handling facilities, should be completed in eighteen months and will increase port and railway facilities to the extent necessary to meet minimum US strategic materials requirements from this area.

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